

INFRASTRUCTURE

Introduction

Infrastructure is a critical input for industrial and overall economic development. It also provides basic amenities, which improve the quality of life. However, infrastructure projects involve huge initial investments, long gestation

periods, high incremental capital output ratio, high risk and low rates of return. All these factors make private sector entry difficult. Consequently infrastructure services have been historically provided by the public sector. With greater demand, changing technology, increasing

BOX 9.1

Performance of the Infrastructure in 1980-81 to 1999-2000 Average Annual Growth Rates

(per cent)

Sectors	1980-1981 To 1991-92	1992-1993 To 1999-2000
1. Power		
Electricity Generation	8.8	6.7
2. Railways		
a. Railway revenue-earning goods traffic	4.8	3.9
b. Passenger kilometers	3.9	4.1
3. Ports		
Cargo handled at major ports	6.1	7.1
4. Civil Aviation		
a. Cargo handled at AAI Airports	6.5	15.1
b. passengers handled at AAI Airports	6.0	10.2
5. Roads		
a. Length of roads	3.6	0.7
b. Length of National Highways	0.5	0.6
6. Telecommunications		
New telephone connections provided (Direct Exchange Lines)	19.0	27.1

- Power sector performance during the period 1992-93 to 1999-2000 has been disappointing despite significant reforms in the sector, such as setting up of a regulatory authority and opening power generation to private investment, both domestic and foreign.
- Operation of Indian Railways in terms of passenger kilometers as well as rate of growth of revenue earnings goods traffic has slowed down during the period 1992-93 to 1999-2000. Since railways are less energy intensive and more environment friendly there is need for appropriate policies aimed at capacity augmentation and rationalisation of rail tariffs to reduce cross subsidisation.
- Performance of major ports has improved, in terms of the indicator 'cargo handled at ports' during the period 1992-93 to 1999-2000 compared with the growth in 1980-81 to 1991-92.
- Performance of civil aviation sector, has improved both in terms of cargo and passengers handled at AAI airports during the period 1992-1993 to 1999-2000 compared with the performance during the period 1980-81 to 1991-92.
- There has been a rapid growth in the telecommunications sector in terms of new telephone connections over the last decades.

complexity for financing the infrastructure projects and the budgetary constraints the public sector is no longer able to discharge efficiently its role as a provider of infrastructure services. The Government has recognized that private sector participation including foreign investment is required to supplement the public sector efforts. Various reforms have been made in infrastructure sectors, and rules and procedures for investment have been liberalized in order to provide an enabling environment conducive for

private participation. The role of the Government has changed from 'owner' and 'sole provider' to that of a 'facilitator', and of safeguarding the interests of the vulnerable sections of the community by legal and institutional framework.

9.2 Trends in the average growth rates of infrastructure sectors for the period 1992-93 to 1999-2000 reflect a slowing down in some of the sectors as compared with the period 1980-81 to 1991-92. (Details Box 9.1)